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Surcharge plan draws heat

Governor's fee faulted without it, he will warn, Cal Fire faces cutbacks

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Gov. Arnold Schwarzenegger is expected to warn today that if lawmakers reject his proposed fire protection surcharge, the state could be forced to dramatically reduce spending on front-line defenses, including shutting down 11 conservation camps and 20 small fire stations.

Nevertheless, judging from initial reviews, the governor's budget plan to impose a 1.25 percent surcharge on all property insurance policies is meeting a cross-section of resistance.

Anti-tax groups believe that Californians already pay enough and that public safety should be a funding priority. City homeowners could resent subsidizing those living in more fire-prone rural regions.

Democrats would rather seek a broader tax increase to avert sweeping cuts in education and other priorities because of a growing budget deficit. And some insurers worry that a fire surcharge could set a precedent for tapping policies to fund the next emergency response.

Republican and Democratic lawmakers pledged to reject any funding cuts in front-line fire protection.

"We will not let that happen. They are unrealistic proposals," said Sen. Christine Kehoe, D-San Diego. "The basic services government provides are police and fire protection. We have to fulfill our obligation."

Senate Republican leader Dick Ackerman of Tustin declared: "We're not going to be shutting down fire stations."

The surcharge, which would cost the average homeowner and small business about \$10 a year, would raise about \$125 million annually. The governor has labeled the surcharge a fee, thereby avoiding the two-thirds vote required to pass a tax increase.

Assembly Republican leader Mike Villines of Clovis said GOP lawmakers consider the proposal a tax and plan attempts to block implementation -- regardless of the governor's warnings that it could have repercussions on the Cal Fire budget.

"There are no threats, no bluffs, that will move us," Villines said.

Schwarzenegger wants to use the surcharge to improve fire defenses, including more air support and crews on the ground. Those are top priorities of fire officials who reviewed weaknesses in the state's responses to firestorms in 2003 and in October that swept through Southern California.

The added revenue would eliminate the need to include Cal Fire in a proposed 10 percent across-the-board cut to most state agencies, potentially saving about \$45 million in programs and 380 positions, Schwarzenegger is expected to argue as he releases his budget today.

The governor appears to be telling lawmakers to either accept the proposal or brace for painful and potentially life-threatening reductions in fire prevention.

"Elimination of (fire) stations would have an effect on response times, risk to citizens, as well as (on) Cal Fire's ability to meet initial attack efforts," according to the administration's assessment of the consequences.

The surcharge money would be earmarked for firefighting, and it would take a two-thirds vote of the Legislature to divert it to other uses, administration officials say.

The governor's team argues that the entire state will benefit. The additional crews and equipment will be available to respond to a range of emergencies.

"Every California taxpayer foots the bill when fires strike," according to the governor's budget documents

But a major insurers' coalition is wary. "It isn't something we would have offered up, and it isn't something that we will deal with very enthusiastically," said Ken Gibson of the American Insurance Association, a trade lobby of about 350 members.

Gibson said association members are looking for assurances that it won't be the first such surcharge as the state struggles with its debt.

"That's the biggest concern -- the precedent," Gibson said. "What happens if we need to fix levees or build a bridge?"

The governor has attracted some supporters, including San Diego City Councilman Jim Madaffer. "Local jurisdictions are typically staffed to deal with typical city fires," he said. "When you have a conflagration of epic proportions, that's when it's important for the state to help ... We're one state. We ought to take care of each other."

Fire chiefs and a state firefighters union endorsed the surcharge.

"The risk is statewide, the response is statewide and the economic impact is statewide," Lou Paulson, president of the California Professional Firefighters, said in a statement.

Assemblyman Joel Anderson, R-La Mesa, is not convinced. "The state should look to streamline regulation and improve our ability to fight fires without imposing more fees or taxes," he said.

Los Angeles County Supervisor Zev Yaroslavsky said he supports the proposal in concept, but has concerns about the fairness of making some residents pay local fire fees and the surcharge while others may not be paying taxes toward a fire department.

There is precedent, however, for the state to rally to the aid of one region where tragedy strikes. The state enacted a temporary quarter-cent sales tax to help the San Francisco Bay Area rebuild after the 1989 Loma Prieta earthquake that killed 67 people.

Kehoe said yesterday that she is exploring legislation that would impose fees on new homes in wildland areas to provide more fire protection, much like developers now pay in park and school impact assessments.

Senate President Pro Tempore Don Perata, D-Oakland, said he prefers Kehoe's approach. "It would have a lot less opposition, I'm sure," he said.

However, Schwarzenegger and lawmakers repealed an unpopular parcel tax levied on homes in wildland areas a few years ago that also was entangled in litigation. Voters in San Diego have rejected higher taxes to pay for public safety.